



UMHLABUYALINGANA MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

MUNICIPAL MANAGER

REV. S. E. MANQELE

CHIEF FINANCIAL OFFICER

M.M. ZUNGU

MAIN ROAD

KWANGWANASE

3973

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**UMHLABUYALINGANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007**

| CONTENTS | PAGE |
|---|-------------|
| 1. General Information and Approval of Financial Statements | 1 |
| 2. Foreword | 2 |
| 3. Chief Financial Officer's Report | 3 |
| 4. Accounting Policies | 4 |
| 5. Balance Sheet | 5 |
| 6 Income Statement | 6 |
| 7. Cash Flow Statement | 7 |
| 8.Notes to the Financial Statements | 8 to 12 |
| 9. Appendices | |
| A . Statutory Funds, Reserves and Provisions | 13 |
| B. External Loans | 14 |
| C. Analysis Of Fixed Assets | 15 |
| D. Analysis of Operational Income and Expenditure for the Year ended 30 June 2007 | 16 |
| E. Departmental Income Statement for the year ended 30 June 2007. | 17 |
| F. Statistical Information | 18 |

UMHLABUYALINGANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007

GENERAL INFORMATION

Members of the Executive Committee

| | |
|---------------------------|-------------------------------|
| Mayor | Councillor D. A. Ncube |
| Deputy Mayor | Councillor T. Mthembu |
| Councillors (Exco) | TS Mkhombu |
| | NR Mthethwa |
| | MS Mabika |

GRADING OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor General

BANKERS

First National Bank of SA Limited

REGISTER OFFICES

| | | |
|--------------------------|-------------------|--------------------------|
| Municipal Offices | Private Bag x 901 | Telephone: (035) 5920680 |
| | KWANGWAMASE | Fax : (035) 5920672 |
| | 3973 | |

MUNICIPAL MANAGER

Rev. S.E. Mangele Bachelor of Arts

CHIEF FINANCIAL OFFICER

MM Zungu, ND Cost and Management Accounting (One subject outstanding)

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements set out on pages 1 to 18 were approved by the Municipal manager on the 31 August 2007.

| | | |
|--------------------------|---|--------------------------------|
| MUNICIPAL MANAGER | | CHIEF FINANCIAL OFFICER |
| Rev. S.E. Mangele | 1 | M.M. Zungu |

**UMHLABUYALINGANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007**

FOREWORD BY THE HONORABLE MAYOR

The financial statements show that the municipality has suffered a deficit of **R 11 542 899** during the current financial year, however we will endeavour during the next financial year to achieve a better cash position.

The budget for the 2007/2008 financial year has been submitted to the National Treasury for approval, however by the time of approval of financial statement the approval of budget by National treasury was not yet received. The emphasis will now remain on maintaining sound financial controls to ensure that spending is properly managed.

My thanks go the Municipal Manager and his staff and my fellow councilors for the hard work and cooperation during the year and the atmosphere in which I have been able to perform my duties.

I believe that with the dedication of everyone at council our work will go a long way to achieving needs of the communities within our Municipal boundary.

THE HONORABLE MAYOR
D A NCUBE

UNIMABUYALIMGANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007

CHIEF FINANCIAL OFFICER'S REPORT

BACKGROUND

Unimabuyalimngana Municipality is a grade two municipality within the Unimabuyalimngana District Municipality. It covers four traditional authorities; namely Tseke, Maserahane, Molebo and Moba. The Municipality has been existence for five and half years and has 13 wards with 36 councillors. The Municipal area is mainly rural.

CHALLENGES

The municipality has been under extremely challenging conditions. It has to address challenges of infrastructure, Tourism, Local economic development, poverty, drought, GRAP implementation and getting other sources of revenue. The municipality has achieved some objectives such as performance management system but there is still long way to go.

1. OPERATING RESULTS

Details of operating results per department are included in appendices D and E. The applicable statistics are shown in appendix F. For overall operating results for the year ended 30 June 2007 are as follows:

| | ACTUALS 2007 | ACTUAL 2006/2007 | VARIANCE 2006/2007 | 2007 ACTUALS | VARIANCE 2007 |
|------------------------------------|-------------------|---------------------|-----------------------|-----------------|------------------|
| INCOME | | | | | |
| Opening surplus(deficit) | 2,408,986 | (3,011,369) | | | |
| Operating income for the year | 35,720,781 | 44,840,623 | 15.54% | 48,093,064 | -8.28% |
| EXPENDITURE | | | | | |
| Operating expenditure for the year | 41,653,608 | 53,534,038 | 28.52% | 48,893,064 | -9.69% |
| Prior year adjustments | (1112,552) | (158,485) | | | |
| Closing (deficit/surplus) | (3,011,369) | (11,552,892) | | | |
| | 34,529,767 | 41,833,704 | | | |

| | 2007 ACTUALS | 2007 BUDGET | 2006 ACTUALS |
|--------------------|-------------------|-------------------|------------------|
| Land and Buildings | 2,180,203 | 2,100,000 | 1,053,762 |
| Infrastructure | 11,717,540 | 12,200,000 | 340,576 |
| Other fixed assets | 896,652 | 1,080,000 | 2,397,512 |
| | 14,794,395 | 15,380,000 | 3,891,850 |

Resources used to finance the fixed assets were as follows:

| | 2007 ACTUALS | 2007 BUDGET | 2006 ACTUALS |
|--------------------------|-----------------|----------------|-----------------|
| Capital development fund | 0 | 0 | 0 |
| Contribution from: | | | |
| Operating account | 0 | 0 | 9,301,004 |
| Reserve | 0 | 0 | 4,547,894 |
| Grants and Subsidies | 14,794,395 | 15,380,000 | 13,848,898 |

A complete analysis of capital expenditure (budgeted and actuals) is included in appendix C.

3. FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in note 2 and appendix A to the Annual Financial Statements.

4. EXTERNAL LOANS, INVESTMENTS AND CASH

The municipality's financial structure is currently grants and subsidies, no external loans have been secured. Investments and cash on hand at 30 June 2007 amounted to R548,485 R 8 118 654 in 2006)

5. EXPRESSION OF APPRECIATION

I would like to thank the mayor, councillors, management committees for the support they have given me and to the officials of the municipality and in particular to the staff of my own directorate for their assistance and support during the entire year.

MH ZUNGBI
CHIEF FINANCIAL OFFICER
31 August 2007

**UNILABUYALINGANA LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2007**

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

1.1 These financial statements have been prepared on a historical cost basis so as to conform to the standards laid down by the Institute of Municipal Officers in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (second Edition January 1996).

1.2 The financial statements are prepared on a historical cost basis adjusted for fixed assets as they are detailed in accounting policy note 3. The accounting policies are consistent with those applied in the previous years except if otherwise indicated.

1.3 The financial statements are prepared on the accrual basis as follows:-

- * Income is accrued when measurable and available to finance activities.
- * Expenditure is accrued in the year in which it is incurred.

2. CONSOLIDATION

The balance sheet includes general services, Capital Development Fund, Reserves and Provisions

3. FIXED ASSETS

Fixed Assets are stated at their historical cost while they are in existence and fit for use..

3.1 Depreciation

The balance shown against the heading loans redeemed and other capital matter in notes to the balance sheet is tantamount to a provision of depreciation, how ever certain structural differences exist. By way of this provision assets are written down over their estimated useful life.

Asset may be acquired through:

- * Appropriations from income where the full cost of the assets form an immediate and direct charge against operating income, therefore it is unnecessary to make any further provision for depreciation.

* Grants or donations, where the amount representing the value of such grant or donation is immediately credited to the loans redeemed and other capital receipts account.

4. FUNDS AND RESERVES

4.1 CAPITAL DEVELOPMENT FUND

The Local Authorities Ordinances requires a minimum contribution of 3% of the defined income of the municipality for the immediately preceding financial year to be contributed to this fund.

4.2 Unexpended grants received both conditional and unconditional, are transferred from income statement to reserves. The grants are released from reserves to the income statement when they have been expended.

5. INVESTMENTS

Surplus are invested at a low risk Banks. Interest earned is credited to operating income and to the Capital Development Fund.

6. INCOME RECOGNITION

The municipality relies on grants received from National, Provincial government and District Municipality for the current financial year excluding capital expenditure funded from conditional grants. Grants are credited to the income when received or legally received.

7. PROVISIONS

7.1 The provisions for staff leave encumbrance are based on actual leave owing to staff members at the financial year end.

7.2 The provision for audit fees is calculated at 3% of current and capital expenditure of the municipality for the current financial year excluding capital expenditure funded from conditional grants. Refer Local Government Audit Circular No.1 of 2000.

7.3 The provision for doubtful debt is based on the assessment made on the recoverability of the outstanding debtors at year end

UMHLABUYALINGANA LOCAL MUNICIPALITY
BALANCE SHEET AS AT 30 JUNE 2007

| | Note | 2006/2007 R | 2005/2006 R |
|---------------------------------------|------|---------------------|-------------------|
| CAPITAL EMPLOYED | | | |
| FUNDS AND RESERVES | | 10,339,843 | 14,301,750 |
| STATUTORY FUNDS | 1 | 2,903,849 | 2,183,703 |
| RESERVES | 2 | 7,435,994 | 12,118,047 |
| RETAINED DEFICIT | | (11,542,899) | (3,011,369) |
| | | <u>(1,203,056)</u> | <u>11,290,381</u> |
| EMPLOYMENT OF CAPITAL | | | |
| FIXED ASSETS | 4 | 0 | 0 |
| LONG-TERM DEBTORS | 5 | 0 | 34,375 |
| | | <u>0</u> | <u>34,375</u> |
| NET CURRENT ASSETS | | (1,203,057) | 11,256,006 |
| CURRENT ASSETS | | | |
| Investments - Short term deposits | 6 | 4,681,099 | 11,715,036 |
| DEBTORS | 7 | 13,242 | 6,567,432 |
| LONG-TERM DEBTORS: SHORT-TERM PORTION | 5 | 4,073,954 | 3,539,960 |
| CASH | 3 | 58,660 | 90,796 |
| | | <u>535,243</u> | <u>1,516,848</u> |
| CURRENT LIABILITIES | | | |
| CREDITORS | 9 | (5,884,156) | (459,030) |
| PROVISIONS | 8 | (5,289,699) | (263,361) |
| | | <u>(10,173,855)</u> | <u>(722,391)</u> |
| | | <u>(1,203,056)</u> | <u>11,290,381</u> |

UMHLABUYALINGANA LOCAL MUNICIPALITY
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

| 2005/2006 Actual Income R | 2005/2006 Actual Deficit R | 2005/2006 Surplus/ Deficit R | | 2006/2007 Actual Income R | 2006/2007 Actual Expenditure R | 2006/2007 Surplus/ (Deficit) R |
|--|---|---|---|--|---|---|
| 35,720,781 | 41,653,689 | (5,932,908) | RATES AND GENERAL SERVICES | 44,843,623 | 53,534,038 | (8,690,415) |
| 35,720,781 | 41,653,689 | (5,932,908) | Community services | 44,843,623 | 53,534,038 | (8,690,415) |
| - | - | - | Subsidised services | - | - | - |
| - | - | - | Economic services | - | - | - |
| - | - | - | TRADING SERVICES | - | - | - |
| 35,720,781 | 41,653,689 | (5,932,908) | TOTAL | 44,843,623 | 53,534,038 | (8,690,415) |
| | 112,552 | | Appropriations for the year | | | 158,885 |
| | (5,820,356) | | Net Surplus/(Deficit) for the year | | | (8,690,415) |
| | 2,808,986 | | Accumulated Surplus/(Deficit) beginning of the year | | | (3,011,369) |
| | <u>(3,011,369)</u> | | ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR | | | <u>(11,542,899)</u> |

UMHLABUYALINGANA LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

| | Note | 2006/2007 R | 2005/2006 R |
|--|------|---------------------|---------------------|
| CASH RETAINED FROM OPERATING ACTIVITIES | | | |
| Cash generated by operations | 13 | 7,170,669 | 1,498,398 |
| Investment Income | | (32,867,721) | (26,920,547) |
| (Increase)/Decrease in working capital | 14 | (29,542) | (403,262) |
| Less: External interest paid | | 4,559,055 | (2,575,197) |
| | | 0 | 0 |
| Cash available from operations | | (28,338,207) | (29,899,006) |
| Contributions from public and state | | 35,508,876 | 31,397,404 |
| Net proceeds on sale of fixed asset | | 0 | 0 |
| CASH UTILIZED IN INVESTING ACTIVITIES | | | |
| | | (14,706,464) | (3,691,850) |
| Investment in Fixed assets | 4 | (14,706,464) | (3,691,850) |
| NET CASH INFLOW / (OUTFLOW) | | | |
| | | (7,535,795) | (2,193,452) |
| CASH EFFECTS OF FINANCIAL ACTIVITIES | | | |
| (Increase) / Decrease in cash Investments | 15 | 6,554,190 | 2,397,362 |
| (Increase) / Decrease in cash | 16 | 981,605 | (203,910) |
| NET CASH (GENERATED)/UTILISED | | 7,535,795 | 2,193,452 |

UMHLABUYALINGANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

2006/2007 2005/2006
R R

1. STATUTORY FUNDS

Capital development fund

2,903,849 2,183,703

2,903,849 2,183,703

(Refer to appendix "A" for more details)

2. RESERVES

| | | |
|-------------------------|------------------|-------------------|
| Staff bursaries reserve | - | 20,000 |
| Capacity Support Grant | - | 703,260 |
| Proclamation Grant | 130,620 | 320,910 |
| Geog. Ins Sys Grant | 9,755 | 70,000 |
| Land Use Mgmt Sys Gr | 779,610 | 850,000 |
| MAP Grant | - | 323,696 |
| Mun Fin Mgm Grant | - | 145,000 |
| FMG | 430,014 | 289,400 |
| Disaster Housing Grant | - | 283,404 |
| Interdepart Mon Grant | - | 100,000 |
| Rate Imp Grant | 396,283 | 296,283 |
| Munl Sys Grant | - | 414,428 |
| Project Consol | 3,736,045 | 3,000,000 |
| CDW | - | 24,000 |
| Inv. Planning | 441,763 | 297,000 |
| MIG | 1,511,904 | 4,980,666 |
| | 7,435,994 | 12,118,047 |

(Refer to appendix "A" for more details)

3. BANK ACCOUNTS

The Municipality holds four Bank accounts with one Primary Bank account for which the details as at year end are as below:
The Cashbook balances as at 30 June 2007 are as follows

First National Bank : Current Account

535,243 1,516,848
535,243 1,516,848

First National Bank : 32 days notice
ABSA Bank : 32 days notice
Std Bank : 32 days notice
Total short term investments

1,348 69,278
- 3,192,383
11,894 3,305,072
13,242 6,566,733

4. FIXED ASSETS

Fixed asset at the beginning of the year
Capital expenditure during the year
Less asset written off, transferred or disposed
Gross carrying value of fixed assets
Less loans redeemed and other capital receipts

13,848,898 10,398,260
14,706,465 3,691,850
0 241,210
28,555,363 13,848,900
28,555,363 13,848,900

Nett Fixed Assets

0 0

UMHLABUYALINGANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

| | 2006/2007 R | 2005/2006 R |
|---|------------------|------------------|
| 5. LONG TERM DEBTORS | | |
| Staff Vehicle Loans | 59,660 | 125,171 |
| Less short term portion of long term debtors | -58,660 | -90,796 |
| | <u>0</u> | <u>34,375</u> |
| 6. INVESTMENTS | | |
| Unlisted: | | |
| Short term deposits | 13,242 | 6,567,432 |
| Total Investments | <u>13,242</u> | <u>6,567,432</u> |
| 7. DEBTORS | | |
| UMkhanyakude District Municipality | 653,725 | 650,222 |
| Overpayments | 314,699 | 314,699 |
| Study loans | 0 | 27,973 |
| Vat | 3,836,301 | 2,264,803 |
| Other | 235,150 | 282,264 |
| Less Provision for Bad debt | <u>5,039,875</u> | <u>3,539,961</u> |
| Total current debtors | <u>-965,921</u> | <u>0</u> |
| | <u>4,073,954</u> | <u>3,539,961</u> |
| 8. PROVISIONS | | |
| Leave Pay | 269,273 | 195,669 |
| Audit Fees | <u>324,984</u> | <u>0</u> |
| | <u>594,257</u> | <u>195,669</u> |
| 9. CREDITORS | | |
| Accrued Expenses | 403,997 | 0 |
| Trade creditors | <u>4,885,902</u> | <u>263,361</u> |
| | <u>5,289,899</u> | <u>263,361</u> |
| 10. FINANCE TRANSACTIONS | | |
| Total interest earned and paid: | | |
| Interest earned | 282,742 | 688,406 |
| Interest paid | <u>0</u> | <u>0</u> |
| Net interest earned | <u>282,742</u> | <u>688,406</u> |
| 11. COUNCILLORS, MUNICIPALITY MANAGER & SENIORS ALLOWANCES | | |
| Mayor's allowance | 200,876 | 60,415 |
| Executive Committee allowance | 773,381 | 224,732 |
| Other Councilors allowance | 2,213,766 | 583,026 |
| Total councillors remuneration | <u>3,188,023</u> | <u>868,172</u> |
| Municipal Manager's allowance | 465,245 | 430,782 |
| Chief Financial Officer's allowance | 418,727 | 387,710 |
| Other Senior Manager's allowances | 1,190,973 | 1,097,197 |
| Total remuneration paid to managers | <u>2,074,945</u> | <u>1,915,690</u> |

UMHLABUYALINGANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

| | 2006/2007 R | 2005/2006 R |
|--|---------------------|---------------------|
| 12. APPROPRIATIONS | | |
| Appropriation account: | | |
| Accumulated surplus/ (deficit) at the beginning of the year | (3,011,369) | 2,908,986 |
| Operating surplus/ (deficit) for the year | (8,690,415) | (5,932,907) |
| Appropriation for the year | 158,885 | 112,552 |
| Contribution to CDF | 0 | 0 |
| Prior year adjustments | 158,885 | 112,552 |
| Accumulated surplus/ (deficit) at the end of the year | (11,542,899) | (3,011,369) |
| Operating account: | | |
| Capital expenses | 14,706,465 | 3,691,850 |
| Contribution to reserves | 4,241,918 | 9,217,650 |
| Contribution to bad debts provision | 965,921 | 0 |
| | 19,914,304 | 12,909,500 |
| 13. CASH GENERATED BY OPERATIONS | | |
| Surplus/(deficit) for the year | (8,690,415) | (5,932,907) |
| Prior year adjustments | 158,885 | 112,552 |
| Appropriation charged against income | 20,126,197 | 13,055,170 |
| Capital development fund provisions | 599,839 | - |
| Reserves | 577,976 | 145,669 |
| Fixed assets | 4,241,918 | 9,217,650 |
| | 14,706,464 | 3,691,850 |
| | 11,594,667 | 7,234,815 |
| Investment Income | (29,542) | (403,262) |
| Transfer from reserves to operating income | (8,923,970) | (3,161,220) |
| Grants and subsidies received from the public and the state | (35,508,876) | (31,397,404) |
| | (32,867,721) | (27,727,071) |
| 14. (INCREASE)/ DECREASE IN WORKING CAPITAL | | |
| (increase)/ decrease in long term debtors | 34,375 | 86,524 |
| (increase)/ decrease in short term portion for long term debtors | 32,136 | 58,360 |
| (increase)/ decrease in debtors | (533,994) | (1,881,550) |
| Increase/(decrease) in creditors | 5,026,538 | (838,531) |
| | 4,559,055 | (2,575,197) |
| 15. (INCREASE)/DECREASE IN INVESTMENTS | | |
| Investment at the beginning of the year | 6,567,432 | 8,964,794 |
| Investment at the end of the year | 13,242 | 6,567,432 |
| Net (increase)/ decrease in cash equivalents | 6,554,190 | 2,397,362 |
| 16. INCREASE / (DECREASE) IN CASH | | |
| Cash at the beginning of the year | 1,516,848 | 1,312,938 |
| Cash on hand | - | - |
| Cash at bank | 1,516,848 | 1,312,938 |
| Cash balance at the end of the year | 535,243 | 1,516,848 |
| Cash on hand | 5,992 | - |
| Cash at bank | 529,251 | 1,516,848 |
| | 981,605 | (203,910) |

UMHABUYALINGANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

2006/2007
R2005/2006
R**17. RETIREMENT BENEFITS**

Employee belong to the following funds within the Natal Joint Municipal Pension / Provident Fund which provide retirement benefits to such employees,

- (i) Natal Joint Municipal Fund (retirement)
- (ii) Natal Joint Municipal Pension Fund (superannuation)
- (iii) Natal Municipal Pension Fund (provident)
- (iv) Natal Municipal Councils Fund

The retirement plan is subject to the Pension Fund Act 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed at least every three years. The latest independent valuation of the fund s which indicated that the funds were in a sound financial position was undertaken on 31 March 2006

18. CAPITAL COMMITMENTS

Commitments in respect of capital expenditure:

| | | |
|--|------------|------------|
| Approved and contracted for | 2,008 | 2,007 |
| Approved but not yet contracted for | 15,210,000 | 15,360,000 |
| This expenditure will be financed from | 150,000 | - |
| National and Provincial sources | 15,360,000 | 15,360,000 |

Total Capital Commitment as per budget

15,360,00015,360,000**19. AUDITORS REMUNERATION**

Audit fees

326,177281,271**20. PRIOR YEAR ADJUSTMENTS**

Stale and cancelled cheques relating to prior year are reversed and the contribution to CDF charged to the appropriation account.

21. OPERATING LEASES**(a) Gestetner Finance**

This represents an operating lease for one Gestetner Digital copier, the minimum lease period is 60 months which expires on 30 November 2009 and the rental amount is R 1 500.00 excd VAT pm with 15% escalation

(b) Gestetner Finance (Fintech)

This represents an operating lease for two Gestetner Digital copier, the minimum lease period is 60 months which expires on 30 November 2010 and the rental amount is R 1 250.00 excd VAT pm per machine with 15% escalation

(c) Automated Office Technology (Pty) Ltd

This represents an operating lease for one photocopy machine, the lease agreement is for 60 months which expires on 31 March 2012 with 7.5% escalation. The rental amount is R 1 895. 00 pm.

UMHLABUYALINGANA LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2007

| 2006/2007 | 2005/2006 |
|-----------|-----------|
| R | R |

21. OPERATING LEASES. Continued

(d) Automated Office Technology (Pty) Ltd

This represents an operating lease for telephone management system, the lease period is 48 months expires on 31 March 2011 with 7.5% escalation. The rental amount is R 520,00 pm.

(e) Canon

This represents an operating lease for telephone equipments, the lease period is 48 months which expires on 31 March 2011 with 7.5% escalation. The rental amount is R 1 836,12 pm.

UMHLABUYALINGANA LOCAL MUNICIPALITY

APPENDIX A

STATUTORY FUNDS, TRUST FUNDS, RESERVES

| | Balance at 01 July 2006 | Contributions during the year | Interest on Investments | Transfer to Operating Income during the year | Balance at 30 June 2007 |
|----------------------------|----------------------------|----------------------------------|----------------------------|--|----------------------------|
| | R | R | R | R | R |
| STATUTORY FUNDS | | | | | |
| Capital development fund | 2,183,703 | 599,839 | 120,307 | 0 | 2,903,849 |
| | 2,183,703 | 599,839 | 120,307 | 0 | 2,903,849 |
| RESERVES | | | | | |
| Balance at 01 July 2007 | | | | | |
| Staff bursaries reserve | 20,000 | | | 20,000 | - |
| Capacity Support Grant | 703,260 | | | 703,260 | - |
| Proclamation Grant | 320,910 | | | 190,290 | 130,620 |
| Geog. Ins Sys Grant | 70,000 | | | 60,245 | 9,755 |
| Land Use Mgmt Sys Gr | 850,000 | | | 70,390 | 779,610 |
| MAP Grant | 323,696 | | | 323,696 | - |
| Mun Fin Mgm Grant | 145,000 | | | 145,000 | - |
| FMG | 289,400 | 430,014 | | 289,400 | 430,014 |
| Disaster Housing Grant | 283,404 | | | 283,404 | - |
| Interdepart Mon Grant | 100,000 | | | 100,000 | - |
| Rate Imp Grant | 296,283 | 100,000 | | - | 396,283 |
| Project Consol | 3,000,000 | 2,000,000 | | 1,263,955 | 3,736,045 |
| CDW | 24,000 | | | 24,000 | - |
| Inv. Planning | 297,000 | 200,000 | | 55,237 | 441,763 |
| MIG | 4,980,665 | 1,511,904 | | 4,980,665 | 1,511,904 |
| MSIG | 414,428 | | | 414,428 | - |
| | 12,118,047 | 4,241,918 | | 6,923,970 | 7,435,994 |

UMHLABUYALINGANA LOCAL MUNICIPALITY

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

| | Balance at 01 July 2007 | Received During the year | Redeemed / write off during the year | Balance at 30 June 2007 |
|--|----------------------------|-----------------------------|---|----------------------------|
| | R | | R | R |
| EXTERNAL LOANS | | | | |
| Short Term Loan | 0 | 0 | 0 | 0 |
| Annuity Loans | 0 | 0 | 0 | 0 |
| Government Loans | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| INTERNAL ADVANCES/ BORROWING SERVICES | | | | |
| Public Improvement fund | 0 | 0 | 0 | 0 |
| Capital Development Fund | 0 | 0 | 0 | 0 |
| | 0 | 0 | 0 | 0 |
| | | | | |
| | | | | |

**UMHLABUYALINGANA MUNICIPALITY
APPENDIX C: ANALYSIS OF FIXED ASSETS**

| Acquisition 2006 R | | Budget 2007 R | Balance at 01 July 2007 R | Acquisition 2007 R | Disposals 2007 R | Balance at 30 June 2007 R |
|-----------------------------------|--|------------------------------|--|-----------------------------------|---------------------------------|--|
| | SERVICE GENERAL SERVICES | | | | | |
| 1,053,762 | Land and Building | 1,450,000 | 7,729,531 | 2,180,361 | 0 | 9,909,892 |
| 412,844 | Furniture and computer equipment | 1,020,000 | 1,499,526 | 783,164 | 0 | 2,282,690 |
| 794,444 | Vehicles | | 1,944,575 | 0 | 0 | 1,944,575 |
| 171,619 | Plant and equipment | 40,000 | 784,876 | 25,399 | 0 | 810,275 |
| | Parks and recreations | 0 | 187,042 | 0 | 0 | 187,042 |
| 340,576 | Municipal roads and stormwater construction | 12,850,000 | 340,576 | 11,717,540 | 0 | 12,058,116 |
| 918,606 | Municipal Accommodation | 0 | 918,606 | 0 | 0 | 918,606 |
| | Miscellaneous | | 444,167 | 0 | 0 | 444,167 |
| 3,691,851 | TOTAL FIXED ASSETS | 15,360,000 | 13,848,899 | 14,706,464 | 0 | 28,555,363 |
| | LOANS REDEEMED AND OTHER CAPITAL RECEIPTS | | | | | |
| | Contribution from current income | | 9,301,004 | 0 | 0 | 11,902,664 |
| | Grants and Subsidies received | 14,706,464 | 4,547,894 | 14,706,464 | 0 | 16,652,699 |
| | NETT FIXED ASSET | 14,706,464 | 13,848,898 | 14,706,464 | 0 | 28,555,363 |

UMHLABUYALINDANA LOCAL MUNICIPALITY
APPENDIX D

Analysis of Operating Income and Expenditure for the year ended 30 June 2007

Actual
2006
R

Actual
2007
R

Budgeted
2007
R

Income

| | | |
|-------------------|-------------------|-------------------|
| 31,987,404 | 35,588,878 | 47,221,804 |
| 18,832,461 | 22,221,651 | 22,221,651 |
| 159,572 | 0 | 0 |
| 100,000 | 0 | 361,000 |
| 340,000 | 0 | 0 |
| 50,000 | 0 | 0 |
| 500,000 | 0 | 500,000 |
| 100,000 | 0 | 0 |
| 250,000 | 500,000 | 500,000 |
| 50,000 | 250,000 | 0 |
| 40,000 | 0 | 0 |
| 233,158 | 100,000 | 100,000 |
| 5,478,926 | 6,994,823 | 5,795,823 |
| 414,428 | 734,400 | 834,000 |
| 2,000,000 | 2,000,000 | 2,700,000 |
| 312,000 | 200,000 | 0 |
| 24,000 | 0 | 0 |
| 1,502,859 | 0 | 0 |
| 0 | 2,037,560 | 0 |
| 0 | 137,000 | 537,000 |
| 0 | 193,642 | 0 |
| 0 | 150,800 | 0 |
| 0 | 0 | 500,000 |
| 0 | 0 | 10,000 |
| 0 | 0 | 13,182,130 |

Grants and Subsidies:

Equitable share Grant
DP Grant
Capacity Support Grant
PHS Grant
LUMS Grant
MUP Grant
MPPA Grant
Financial Management Grant
Public Participation Grant
Interdepartmental monitoring Grant
Races Implementation Grant
Municipal Infrastructure Grant
Municipal Systems Improvement Grant
Project Consolidate Grant
Investment Planning Grant
Community Development Workers Grant
Microbusiness Grants
Mikaboo Housing Grant
Organisational Structure, HR Systems Grant
Gibbera - Madobana Project Grant
Internal Control Unit Grant
Community Hill Development Grant
Social Planning Grant
Reserves and savings

2,141,231

8,023,878

| | | |
|-----------|-----------|---|
| 980,970 | 0 | 0 |
| 410,414 | 703,260 | 0 |
| 79,090 | 190,290 | 0 |
| 576,304 | 321,656 | 0 |
| 1,000,586 | 201,404 | 0 |
| 81,847 | 0 | 0 |
| 0 | 4,960,665 | 0 |
| 0 | 66,245 | 0 |
| 0 | 24,000 | 0 |
| 0 | 70,380 | 0 |
| 0 | 289,400 | 0 |
| 0 | 145,000 | 0 |
| 0 | 100,000 | 0 |
| 0 | 414,428 | 0 |
| 0 | 1,281,955 | 0 |
| 0 | 30,000 | 0 |
| 0 | 55,227 | 0 |

Grants Transferred from Reserves
Equitable Share Grant
Capacity Support Grant
Production Grant
Municipal Assistant Programme Grant
Disaster Housing Grant
Library Grant
Municipal Infrastructure Grant
Geographical System Grant
Community Development Workers Grant
Land Use Management Grant
Financial Management Grant
Municipal Financial Management Act Grant
Interdep Monitoring Grant
Municipal Systems Improvement Grant
Project Consolidate Grant
Business Reserve
Investment Planning Grant

1,162,157

410,777

| | | |
|---------|---------|---------|
| 263,426 | 0 | 336,600 |
| 37,273 | 199,025 | 360,000 |
| 403,262 | 54,126 | 24,000 |
| 411,411 | 29,542 | 810,000 |
| 1,432 | 66,593 | 0 |
| 8,194 | 318 | 0 |
| 24,758 | 10,203 | 15,000 |
| 22,400 | 18,525 | 55,660 |
| | 13,163 | 30,000 |
| | 333 | 0 |

Operating Income
Service charges
Interest on current account
Interest on motor vehicle loans
Interest on Investments
Sundry Income
Commission received
Sale of documents
Rental Income
Sale of tender documents
Business plant equipment

34,558,625

44,842,623

48,859,064

Total Income

EXPENDITURE

| | | |
|-------------------|-------------------|-------------------|
| 6,893,106 | 12,004,564 | 13,855,532 |
| 18,889,473 | 19,947,746 | 17,137,000 |
| 2,034,413 | 1,939,803 | 1,987,825 |
| 2,891,850 | 14,706,494 | 13,386,000 |
| 0 | 599,839 | 0 |
| | 73,604 | 152,707 |
| 50,000 | 0 | 0 |
| 100,000 | 0 | 0 |
| 78,400 | 480,014 | 0 |
| 40,000 | 0 | 0 |
| 233,158 | 100,000 | 0 |
| 4,910,665 | 1,511,904 | 0 |
| 414,428 | 0 | 0 |
| 34,000 | 0 | 0 |
| 3,000,000 | 2,000,000 | 0 |
| 297,000 | 200,000 | 0 |
| 0 | 0 | 0 |
| 7,395 | 0 | 0 |
| 41,058,688 | 53,534,038 | 48,859,064 |
| 0 | 0 | 0 |
| | | |
| 41,058,688 | 53,534,038 | 48,859,064 |

Salaries, wages and allowances
General expenses
Repairs and maintenance
Contribution to capital expenditure
Contribution to CDF
Contribution to leave encashment
Transfer to Reserves:
Land use management
Municipal Financial Management Act
Financial management
Interdepartmental monitoring
Rates Implementation
Municipal Infrastructure
Municipal Systems Improvement
Community Development Workers
Project Consolidate
Investment Planning
Internal Control Unit
Capital charges
Gross Expenditure
Amounts Charged Out
Net Expenditure

UMHLABUYALINGANA LOCAL MUNICIPALITY

APPENDIX 2

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

| Actual Income 2006 R | Actual expenditure 2006 R | Surplus / (Deficit) 2006 R | | Actual Income 2007 R | Actual expenditure 2007 R | Surplus / (Deficit) 2007 R | Budget Surplus/Deficit 2007 R |
|----------------------------|---------------------------------|----------------------------------|---|----------------------------|---------------------------------|----------------------------------|--|
| 35,720,781 | 41,653,689 | (5,932,908) | Community Services | 44,843,623 | 53,534,038 | (8,690,415) | - |
| - | 6,356,356 | (6,356,356) | Council General | 0 | 9,842,925 | (9,842,925) | 9,728,872 |
| 34,558,624 | 18,330,529 | 16,228,095 | Management | 44,432,846 | 25,934,634 | 18,498,212 | (27,838,122) |
| 1,162,157 | 1,615,759 | (453,602) | Finance | 410,777 | 2,622,704 | (2,211,927) | 2,837,309 |
| - | 1,996,595 | (1,996,595) | Corporate Services | 0 | 1,860,191 | (1,860,191) | 2,129,214 |
| - | 4,529,084 | (4,529,084) | Technical | 0 | 5,779,116 | (5,779,116) | 3,664,838 |
| - | 415,769 | (415,769) | Library | 0 | 551,588 | (551,588) | 820,700 |
| - | 4,244,045 | (4,244,045) | Community Services | 0 | 3,902,838 | (3,902,838) | 4,545,867 |
| - | 4,165,552 | (4,165,552) | Local Economic Development | 0 | 3,040,042 | (3,040,042) | 4,111,322 |
| - | - | - | Subsidised Services | - | - | - | - |
| - | - | - | Economic Services | - | - | - | - |
| - | - | - | Trading Services | - | - | - | - |
| 35,720,781 | 41,653,689 | (5,932,908) | Total | 44,843,623 | 53,534,038 | (8,690,415) | - |
| | | <u>112,552</u> | Appropriations for the year (Refer to note 12) | | | <u>158,885</u> | |
| | | (5,820,356) | Net (deficit) for the year | | | (8,531,530) | |
| | | 2,808,986 | Accumulated surplus/(deficit) at the beginning of the year | | | (3,011,369) | |
| | | <u>(3,011,369)</u> | Accumulated surplus at the end of the year | | | <u>(11,542,899)</u> | |

UMHLABUYALINGANA LOCAL MUNICIPALITY

APPENDIX F

STATISTICAL INFORMATION AS AT 30 JUNE 2007

| | 2006/2007 | Valuation date | 2005/2006 | Valuation date |
|-----------------------------|-----------|----------------|-----------|----------------|
| General statistics | | | | |
| Population | 140,964 | 2,001 | 140,964 | 2,001 |
| Registered voters | 59,054 | 2,006 | 48,000 | 2,004 |
| Surfacing (km) | 3698m2 | | 3698m2 | |
| Valuations | | | | |
| - Taxable (R'000) | 0.00 | | 0.00 | |
| - Non-taxable (R'000) | 0.00 | | 0.00 | |
| - Residential (R'000) | 0.00 | | 0.00 | |
| - Commercial (R'000) | 0.00 | | 0.00 | |
| Valuation date: 1 July 2000 | | | | |
| Assessment rate | | | | |
| - Basis (per rand) | 0.00 | | 0.00 | |
| - Discount: residential | 0% | | 0% | |
| Number of employees | 39 | | 34 | |

The above population numbers are as per Statistics South Africa's register for the year 2001